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UNCLAS SECTION 01 OF 08 THE HAGUE 003320

SIPDIS

DEPT FOR INL, INL/T, EUR/ERA, EUR/UBI
DOJ FOR OIA, AFMLS, NDDS
TREASURY FOR FINCIN
USEU FOR WAGNER AND DOJ
DEA HQS FOR OILS AND OFFICE OF CHEMICAL DIVERSION

E.O. 12958: N/A

TAGS: [SNAR](#) [PREL](#) [PGOV](#) [KCRM](#) [NL](#)

SUBJECT: 2004 INTERNATIONAL NARCOTICS CONTROL STRATEGY REPORT
(INCSR): THE NETHERLANDS - PART 1, DRUGS AND CHEMICAL CONTROL
DIVERSION CONTROL

REF: (A) STATE 249035; (B) THE HAGUE 2052; (C) THE HAGUE 1784

[I](#). Summary

[1](#)1. The Netherlands continues to be a significant transit point for drugs entering Europe (especially cocaine), an important producer and exporter of synthetic drugs (particularly Ecstasy - MDMA), and a substantial consumer of most illicit drugs. U.S. law enforcement information indicates the Netherlands still is by far the most significant source country for Ecstasy in the U.S. The current Dutch center-right coalition has made measurable progress in implementing a five-year strategy (2002-2006) against production, trade and consumption of synthetic drugs. According to the public prosecutor's office, the number of Ecstasy tablets seized in the U.S. that could be linked to the Netherlands dropped to 1 million in 2003 from 2.5 million in 2002. The National Criminal Investigation Department ("Nationale Recherche"), which was set up to enhance the efficiency and effectiveness of criminal investigations and international joint efforts against narcotics trafficking, officially began operations in January 2004. Operational cooperation between U.S. and Dutch law enforcement agencies is excellent, despite some differences in approach and tactics. This was reflected by the several trips to the Netherlands by the DEA Administrator in 2004. Furthermore, in October 2004, the Netherlands became the first European country to sign an MOU with the El Paso Information Center (EPIC) to participate in law enforcement information sharing. Dutch popular attitudes toward soft drugs remain tolerant to the point of indifference. The Government of the Netherlands (GONL) and the public view domestic drug use as a public health issue first and a law enforcement issue second. End summary.

II. Status of Country

[1](#)2. The central geographical position of the Netherlands, with its modern transportation and communications infrastructure, the world's busiest container port in Rotterdam and one of Europe's busiest airports, makes the country an attractive operational area for international drug traffickers and money launderers. Production of Ecstasy and marijuana is significant; there is also production of amphetamines and other synthetic drugs. The Netherlands also has a large (legal) chemical sector, making it an opportune location for criminals to obtain or produce precursor chemicals used to manufacture illicit drugs.

III. Country actions against drugs in 2004

Policy Initiatives

[1](#)3. Major Dutch government policy initiatives in 2004 include:

[1](#)4. In January 2004, the National Crime Squad ("Nationale Recherche" or NR) officially started functioning. The new department combines the current five core police teams, the national criminal investigation team, the Unit Synthetic Drugs (USD), the Trafficking in People Unit, and the five Ecstasy teams. The NR, which is part of the National Police Services (KLPD) and which comes under the authority of the National Public Prosecutors' Office, gives top priority to international cooperation in the fight against organized crime, in particular the production of and trafficking in synthetic drugs.

Cannabis

[1](#)5. On July 1, Dutch Parliament approved the April 2004 "Cannabis Letter" from the Ministers of Health, Justice and Interior, which included an "Action Plan to Discourage Cannabis Use" (ref C). According to the letter, Dutch coffeeshop policy has not led to a significantly higher

cannabis use since Dutch use is average compared to that of other EU countries. [In fact, the number of coffeeshops has shrunk by almost 30% over the past few years.] The Ministers argued the distinction between hard and soft drugs had worked: hard drugs were seldom found in coffeeshops. Still, they were concerned about the health risks of cannabis use and the sharp rise in the THC content. The Action Plan included the following initiatives:

- An experiment with the introduction of special coffeeshop passes for Dutch residents in order to ban foreigners. Justice Minister Donner said the ban was in line with the stricter EU drug regulations. Donner wants to start a trial project with the special passes in Maastricht (close to the German and Belgian borders). If successful, the experiment, which will limit the purchase of soft drugs in Dutch coffeeshops to Dutch nationals, will be expanded;
- An investigation into possible risks of cannabis with a high THC content. (In 2003, the THC content of Dutch-grown cannabis ("Nederwiet") was 18% and Dutch hashish 35.8%.) If research should prove use of high-level THC cannabis involved serious health risks, cannabis with high THC levels could be placed on List 1 of the Opium Act, making it an illegal hard drug;
- Stricter licensing criteria with respect to the distance between coffeeshops and schools; and
- Intensified controls on cannabis cultivation.

16. The 2003 National Drug Monitor, published in March 2004, showed the number of recent (last-month) cannabis users in the Dutch population over the period 1997-2001 rose from some 326,000 to 408,000, or 3 percent of the Dutch population of 12 years and older (of a total population of 16 million). Life-time prevalence (ever-use) of cannabis among the population of 12 years and older rose from 15.6 percent in 1997 to 17 percent in 2001. The average age of recent cannabis users is 28 years. According to the Trimbos Addiction Institute, cannabis use among young people ages 12-18 dropped in 2003: recent (last-month) use for boys dropped to 10 percent, which was almost one-third less than in 1966. Last-month cannabis use by girls stabilized at 7 percent.

17. According to a December 10, 2004 letter by Health Minister Hoogervorst to the Second Chamber, legal sales of medicinal cannabis by pharmacies have largely failed. Only some 1,000 to 1,500 patients are buying the government-controlled cannabis, which is one-tenth of the number of expected customers. The disappointing sales, which will cost the Ministry almost 400,000 euros in 2004, are attributed to reluctance among doctors to prescribe and the higher prices of the "state wiet." Since March 2003, doctors are allowed to prescribe their patients medicinal cannabis. The Health Ministry's Bureau for Medicinal Cannabis buys the cannabis from two official growers, controls quality and organizes the distribution. According to the Health Ministry, more scientific research should improve the image of medicinal cannabis.

Cocaine Couriers

18. Justice Minister Donner touted the Schiphol airport 100% control measure, initiated in December 2003 to stop drug trafficking into the Netherlands from the Netherlands Antilles, Aruba, Suriname, and later Venezuela, as a success, citing declining cocaine seizures at Schiphol as an indicator (ref B). According to the program's sixth progress report published December 16, 2004, 3,313 cocaine couriers were arrested in the first eleven months of 2004, all of whom had been blacklisted. 739 kilos of cocaine were seized from the bodies of the couriers, on top of 3,451 kilos hidden in other materials. An additional 1,675 kilos of cocaine were seized at Schiphol and 565 couriers arrested during regular controls (coming from countries other than those targeted in the 100% control program). Over the 11-month period, a total of 1,545 kilos of cocaine were found at Schiphol in freight, of which 713 kilos were discovered through the 100% control program. On average, two couriers are found per flight now (initially, there were an estimated 80-100 couriers per flight). Donner noted the primary goals of his policy, seizing drugs and blacklisting couriers, have proved much more effective than simply arresting large numbers of "small" couriers. He planned to continue the policy for the time being, including the "temporary" measure of turning back "bolita swallows" carrying less than three kilos ("catch and release"). Although cocaine seizures in Rotterdam port have been rising this year, the report stated it was too early to draw a link with the 100% Schiphol control program, noting seizures at the port fluctuate from year to year, just as in other European ports.

Heroin Experiment

19. In June 2004, the Cabinet approved expansion of the experiment, under which heroin is medically prescribed to a group of seriously ill and chronic addicts for whom all other forms of treatment have failed. The number of persons

receiving such "medical treatment" will be increased from 300 currently to 1,000 over 15 major cities (up from six currently). For each participant a treatment contract is drawn up stating improvements required within a year. Government funding to the project of 5 million euros per year will be raised by one million in 2005.

Ecstasy

10. In June 2004, Justice Minister Donner officially launched an information campaign to keep potential Ecstasy traffickers from smuggling to other countries. The Justice Ministry has opened a website with information about foreign prison sentences and prison conditions.

Accomplishments

11. A major accomplishment was the drafting of the EU 2005-2008 Drugs Strategy during the Dutch EU presidency in the second half of 2004. In October 2004, the Dutch Government signed a joint cooperative agreement with the Government of China concerning precursor chemical investigations. The agreement pledges both countries to cooperate on precursor chemical investigations. The GONL also approved the stationing of a police drug liaison officer in China to facilitate law enforcement cooperation. In addition to working directly with the Chinese, the Netherlands is an active participant in the INCB/PRISM project's taskforce. Minister Donner said on March 31, 2004 the first assessment report of the five-year (2002-2006) Ecstasy action plan proved very successful.

Law Enforcement Efforts

12. Overall the Health Ministry coordinates drug policy, while the Ministry of Justice is responsible for law enforcement. Matters relating to local government and the police are the responsibility of the Ministry of Interior. At the municipal level, policy is coordinated in tripartite consultations between the mayor, the chief public prosecutor and the police.

13. The Dutch Opium Act punishes possession, commercial distribution, production, import, and export of all illicit drugs. Drug use, however, is not an offense. The act distinguishes between "hard" drugs that have "unacceptable" risks (e.g., heroin, cocaine, Ecstasy), and "soft" drugs (cannabis products). Trafficking in "hard drugs" is prosecuted vigorously and dealers are subject to a prison sentence of 12 years. When this takes place on an organized scale, another one-third of the sentence is added (up to 16 years). Sales of small amounts of cannabis products (under five grams) are "tolerated" (i.e., not prosecuted, even though technically illegal) in "coffeeshops" operating under regulated conditions (no minors on premises, no alcohol sales, no hard drug sales, no advertising, and not creating a "public nuisance").

14. Dutch police teams and National Prosecutors give high priority to combating drug trafficking. DEA agents stationed with Embassy The Hague have close contacts with their counterparts in the Netherlands. Beginning in FY 2002, the Dutch assigned Dutch liaison agents to Miami, Florida and Washington, D.C. to improve coordination with U.S. law enforcement agencies.

15. In September 2004, the Dutch joined the Joint Intelligence Working Group (JWIG) in Washington D.C. This group representing six countries meets to share drug intelligence and assist in coordinating international drug trafficking investigations. In October 2004, the KLPD signed a Memorandum of Understanding (MOU) with the DEA and the El Paso Intelligence Center (EPIC) in order to enhance police-to-police intelligence sharing on narcotics-related investigations.

16. All foreign assistance requests are sent to the DIN (International Network Service). The DIN has assigned two liaison officers to assist only DEA. Since the new reorganization, the DIN has allowed DEA and other liaison officers to contact one of the five regional offices directly with requests. This policy has allowed for better coordination during ongoing enforcement actions, such as controlled deliveries. Due to Dutch law enforcement policy, the prosecutors still control all aspects of an investigation. Dutch police officers still need to get prosecutor concurrence to share police-to-police information. This policy often hampers quick sharing of information, which can be used proactively in an ongoing investigation. Many controlled delivery requests sent to the DIN by DEA are turned down due to lack of manpower. In November and December 2004, however, the Dutch approved four controlled delivery requests (including one involving 70 kilos of cocaine which resulted in the arrest of six suspects). The vast majority of these controlled deliveries are small amounts of cocaine (less than five kilograms) contained in

parcels being sent from South America or the Caribbean. Since the initiation of the 100% controls on inbound flights from the Caribbean, there has been a serious reduction in the amount of outbound couriers arrested at Schiphol. This reduction is due in part to the amount of law enforcement capacity required to conduct the 100% inbound checks. The amount of flights targeted for outbound checks has decreased.

Corruption

17. The Dutch government is committed to fighting national and international corruption. It does not encourage or facilitate illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. No senior official of the Dutch government engages in, encourages or facilitates the illicit production or distribution of such drugs or substances, or the laundering of proceeds from illegal drug transactions. Press reports of low-level law enforcement corruption appear from time to time but the problem is not believed to be widespread or systemic. An investigation in 2004 by the special Schiphol CargoHarc drug team, comprised of Kmar military police, fiscal investigation/control service (FIOD-ECD) and Customs, led to the arrest of fourteen baggage handlers and four shop assistants accused of smuggling drugs through uncontrolled airport channels. To address concerns about the influence of drug trafficking on police, Customs and other officials, the Justice Ministry is funding a study on the extent of corruption in the Netherlands that will be completed by mid-2005.

18. The national prosecutor's office confirmed in November 2004 a criminal organization involved in large-scale cocaine smuggling and money laundering had invested part of its drug profits in Air Holland, a Dutch charter airline flying mostly to the Netherlands Antilles, which went bankrupt in April 2004.

Agreements and Treaties

19. The Netherlands is party to the 1988 UN Drug Convention, the 1971 UN Convention on Psychotropic Substances, the 1961 Single Convention on Narcotic Drugs, and the 1972 Protocol amending the Single Convention. It has ratified the 1990 Strasbourg convention on money laundering and confiscation. The U.S. and the Netherlands have agreements on extradition and mutual legal assistance (including asset sharing). The Netherlands has enacted legislation on money laundering and controls on chemical precursors. The Netherlands is a member of the UN Commission on Narcotics Drugs and the major donors group of the UNODC. It is a member of the Financial Action Task Force (FATF) and the Caribbean Action Task Force (CATF). The Netherlands is a leading member of the Dublin Group of countries coordinating drug-related assistance. The Netherlands ratified the UN Convention on Transnational Organized Crime on May 26, 2004, but still needs to ratify two of its Protocols.

Cultivation and Production

20. About 75 percent of the Dutch cannabis market is Dutch-grown marijuana ("Nederwiet"), although indoor cultivation of hemp is banned, even for agricultural purposes. A November 2003 national police report of the Dutch drug market estimated the Netherlands has between 17,000-22,000 cannabis plantations producing about 68,000-99,000 kilos of "Nederwiet." Although the Dutch government has given top priority to the investigation and prosecution of large-scale commercial cultivation of Nederwiet, tolerated coffeeshops appear to create the demand for such cultivation. According to the Government's "Cannabis letter," about half of the anonymous crime reports received annually relate to drug trafficking, particularly cannabis cultivation, indicating serious public concern.

21. The Netherlands remains one of the largest producers of synthetic drugs, although the INCB has noted a shift to Eastern Europe. According to a report by the South Netherlands Core Team/Unit Synthetic Drugs (KTZ/USD) and the five Dutch Ecstasy teams (all of them now part of the National Crime Squad), some 214 suspects were arrested in 2003 from 105 in 2002. Together the teams seized 11,453 liters of chemical precursors compared to 10,801 liters in 2002. They also completed 33 investigations from 21 in 2002. The total number of Ecstasy tablets with an alleged Dutch connection confiscated by U.S. authorities more than halved to one million tablets in 2003 compared to 2002. The seizures of drugs around the world that could be related to the Netherlands involved almost 13 million MDMA tablets (2002: 24.6 million) and more than 871 kilos (2002: 910 kilos) of MDMA powder and paste. MDMA (powder and paste) seizures in the Netherlands in 2003 dropped to 435 kilos, about 50 percent less than in 2002, and the number of Ecstasy tablets seized dropped 20 percent to more than 5.4 million. The number of dismantled production sites for synthetic drugs

dropped to 37 from 43 in 2002. Of the 37, some 11 were found in residential areas. The KTZ/USD reported increased amphetamine seizures in 2003 from 2002.

Drug Flow/Transit

122. The Netherlands remains an important point of entry for drugs to Europe, especially cocaine. According to the National Crime Squad, an estimated 40,000-50,000 kilos of cocaine are smuggled annually into the Netherlands, about 20,000 kilos via Schiphol and the remainder via seaports and across the road from Spain (Dutch cocaine use is estimated at 4,000-8,000 kilos annually). The Dutch government has stepped up border controls to combat the flow of drugs, including the Schiphol Action Plan. The government has also expanded the number of container scanners in the port of Rotterdam and at Schiphol airport. Controls of highways and international trains connecting the Netherlands to neighboring countries have also been intensified.

Money Laundering

123. The Netherlands participates in the FATF. Forty separate anti-money laundering measures recommended by FATF have been integrated in the financial sector. Additionally, legislation making money laundering a separate, stand-alone, offense became effective in 2002. See septel.

Asset Seizures

124. The Dutch have signed the Strasbourg Convention and have drawn up national legislation to enable courts to confiscate the proceeds of drug-related crime. The U.S. and the Netherlands have an asset seizure agreement.

Extradition and Mutual Legal Assistance Treaty

125. The U.S. and the Netherlands have fully operational extradition and mutual legal assistance agreements. Some defense attorneys, however, have argued successfully to judges the U.S. judicial protections are inadequate, slowing the pace of extradition in cases involving Ecstasy dealers. Using differences in our legal systems and misconceptions about the American criminal justice system, they criticize (1) the U.S. plea bargaining system which they argue puts pressure on innocent suspects to confess; and (2) delays in repatriation to the Netherlands of previously extradited Dutch citizens who were then convicted in the U.S. and are now seeking to serve their terms in the Netherlands. The Hague Appellate Court recently ruled, however, there was no evidence to sustain these allegations. Since that ruling, defense attorneys have been unable to use these arguments to prolong cases.

Demand Reduction

126. The Netherlands has a wide variety of demand and harm-reduction programs, reaching about 80 percent of the country's 26,000-30,000 opiate addicts. The number of opiate addicts is low compared to other EU countries (2.6 per 1,000 inhabitants); the number has stabilized over the past few years; the average age has risen to 40; and the number of overdose deaths related to opiates has stabilized at between 30 and 50 per year. Needle supply and exchange programs have kept the incidence of HIV infection among intravenous drug users relatively low. Of the addicts known to the addiction care organizations, 75 percent regularly use methadone.

127. According to the 2003 National Drug Monitor, the out-patient treatment centers registered some 26,605 drug users seeking treatment for their addiction in 2000, compared to 26,333. The number of cannabis and opiate addicts seeking treatment has stabilized at 3,443 and 15,544, respectively. Statistics from drug treatment services show a sharp increase in the number of people seeking help for cocaine problems (representing an increase of 49 percent between 1994 and 2000). Two out of three people seeking help for cocaine problems are crack cocaine users. The average age of drug "clients" was 39 years. Total costs of drug treatment programs are put at 100 million dollars.

128. Although more recent data about drug use are unavailable, drug experts have noted a significant drop in Ecstasy use, while cocaine use appears to be going up.

129. Drug use among the general population of 12 years and older, 1997 and 2001 (life-time (ever) use and last-month use)

	Life-time use		Last-month use		
	1997	2001	1997	2001	
Cannabis	15.6	17.0	2.5	3.0	
Cocaine	2.1	2.9	0.2	0.4	
Amphetamine	1.9	2.6	0.1	0.2	
Ecstasy	1.9	2.9		0.3	
0.5					

Hallucinogens	1.8	1.3	0.0	0.0
-of which LSD	1.2	1.0	--	--
Mushrooms	1.6	2.6	0.1	0.1
Heroin		0.3	0.4	0.0
0.1				

(Source: National Prevalence Survey, Center for Drug Research (Cedro), University of Amsterdam)
Prevention

30. Drug prevention programs are organized through a network of local, regional and national institutions. Schools are targeted in efforts to discourage drug use, while national campaigns are conducted in the mass media to reach the broader public. The Netherlands requires school instruction on the dangers of alcohol and drugs as part of the health education curriculum. The Netherlands Institute of Mental Health and Addiction (the Trimbos Institute) has developed a project in the field of alcohol and drugs in the context of teaching "healthy living" in classrooms. About 75 percent of Dutch secondary schools participate in the project. In March 2004, the Health Ministry and the Trimbos Institute launched a major cannabis information campaign warning young people in the 12-18 age group about the health risks. The 24-hour national Drug Info Line of the Trimbos Institute has become very popular.

IV. U.S. Policy Initiatives

Bilateral Cooperation

31. Despite excellent operational cooperation between U.S. and Dutch law enforcement agencies, concern remains over the Netherlands' role as the key source country for MDMA/Ecstasy entering the U.S. Embassy The Hague continues to make the fight against the Ecstasy threat one of its highest priorities. Although the Dutch and U.S. agree on the goal, we differ over which law enforcement methodology is most effective in achieving it. The Dutch continue to resist use of controlled deliveries and criminal infiltrants in their investigations of drug traffickers. They are also reluctant to admit the involvement of large, international drug organizations in the local drug trade and do not use their asset forfeiture rules often. The third bilateral law enforcement talks, which were held in The Hague in March 2004, resulted in additional agreements to the "Agreed Steps" list of action to enhance law enforcement cooperation in fighting drug trafficking.

32. The U.S. and the Netherlands cooperate closely on law enforcement activities throughout the Kingdom of the Netherlands. The U.S. is also working with the Kingdom to assist Aruba and the Netherlands Antilles in countering narcotics trafficking. The 10-year FOL agreement between the U.S. and the Kingdom for the establishment of forward operating locations on Aruba and Curacao became effective in October 2001.

33. Since 1999, the Dutch Organization for Health Research and Development (ZonMw) has been working with NIDA on joint addiction research projects.

The Road Ahead

34. We expect U.S.-Dutch bilateral law enforcement cooperation to intensify, building on the successful visits of the DEA Administrator to the Netherlands in 2004. The Dutch government's Ecstasy Action Plan should further counter narcotics efforts. The Dutch synthetic drug unit, which now is part of the National Crime Squad, will continue to make concrete progress. The bilateral "Agreed Steps" agreement will certainly boost cooperation on international investigations, including Ecstasy and money laundering cases. We anticipate increased cooperation among the U.S., China and the Netherlands on precursor chemicals once the Dutch drug liaison officer is stationed in China (early 2005). We have also noticed improved and expedited handling of extradition requests.

V. Statistics

35. Drug Seizures	2002	2003	
Heroin (kilos)	1,122	417	
Cocaine (kilos)	7,968	17,560	
Ecstasy (tablets)	6,878,167	5,420,033	
Ecstasy (kilos)	849	435	
Ecstasy production sites			43
Amphetamine (kilos)	481		843
Amphetamine (tablets)	1,028	14,000	
LSD (doses)	355	-	
LSD (tablets)			-

1,642			
Methadone (tablets)	9,446	57,430	
Cannabis resin (kilos)		32,717	10,719
Marijuana (kilos)	9,958		7,067
"Nederwiet" (kilos)	-		1,179
Hemp plants	900,381	1,111,855	
Dismantled hemp plantations		1,574	1,867

(Source: KLPD national police force)

Chemical Control

136. (a) The Netherlands is a party to the 1988 UN Drug Convention and 1990 European Union Regulations. Trade in precursors is governed by the 1995 Act to Prevent Abuse of Chemical Substances (WVMC). The law seeks to prevent the disappearance of legal chemicals into the illegal circuit. Violations of the law can lead to prison sentences (maximum of six years), fines (up to 50,000 Euros), or asset seizures. The Fiscal Information and Investigation Service (FIOD) and the Economic Control Service (ECD) oversee implementation of the law.

137. The USD and the Public Prosecutor's Office have strengthened cooperation with countries playing an important role in Ecstasy production, in particular with countries exporting chemical precursors. The GONL signed an MOU with China concerning chemical precursor investigations.

138. (b) The Dutch continue to work closely with the U.S. on precursor chemical controls and investigations. This cooperation includes formal and informal agreements on the exchange of intelligence. The Netherlands is an active participant in the INCB/PRISM project's taskforce.

139. (c) Yes, the Netherlands is a party to agreements on a method of maintaining records of transactions of an established list of precursor and essential chemicals.

140. (d) The Netherlands established such procedures in 1994.

141. (e) The Netherlands has efficient national chemical control legislation in place which imposes record keeping and reporting requirements for listed chemicals.

142. (f) No, the Netherlands doesn't encourage illicit production of controlled substances or the laundering of proceeds from illegal drug transactions.

143. (g) No.

Sobel